



**DATE:** January 24, 2019

**TO:** Transportation Authority of Marin Board of Commissioners

**FROM:** Dianne Steinhauser, Executive Director  
Li Zhang, Chief Financial Officer

**SUBJECT:** Review and Acceptance of the 2018 Measure A Compliance Audit Results (Action) -  
Agenda Item No. 8c

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**RECOMMENDATION:**

The TAM Board reviews and accepts the 2018 Measure A Compliance Audit results along with all attached reports.

The Finance and Policy Executive Committee reviewed the audit results at its January 14, 2019 meeting and voted unanimously to refer all reports to the TAM Board for review and acceptance.

The Citizens' Oversight Committee reviewed the 2018 Measure A Compliance Audit results at its December 10, 2018 meeting. The Committee was pleased with the clean results and voted unanimously to refer the results to the TAM Board for acceptance. Please note that staff and the audit also reconciled and updated a few funding sources in the final draft after the COC review. Those updated are reflected in the reports presented to the Board and the presentation to the Finance and Policy Executive Committee.

**BACKGROUND:**

TAM has a fiduciary responsibility to the voters of Marin County to ensure that the ½-Cent Measure A Transportation Sales Tax funds are spent appropriately and has carried out this responsibility diligently since the inception of Measure A in 2004. The Measure A Expenditure Plan provided TAM with the authority to audit all Measure A fund recipients for their use of the sales tax proceeds. An independent compliance audit is explicitly permitted under the terms and conditions of TAM's funding agreement/contract with all Measure A funding recipients. The COC played a critical role in the development of the Measure A Compliance Audit Policy and the final Policy was adopted by the TAM Board at its October 28, 2010 Board meeting. The implementation of the Policy started with the FY2011-12 and prior Measure A funding activities.

The TAM Board approved the six Measure A ½-Cent Transportation Sales Tax fund recipients that were selected for the eighth round of compliance audits in June 2018, as shown in the table below. This audit cycle covers Measure A revenue and expenditure activities which occurred in or prior to FY2017-18.

**Proposed Measure A Fund Recipients Selected for the 2018 Compliance Audit Cycle**

No.	Fund Recipient	Measure A Funding Strategy
<b>Interest Revenue Funding Usage</b>		
	None	
<b>Strategy 1 Local Bus Transit System</b>		
1	Marin Transit	Local Transit, for all Measure A funds received for its FY2017-18 transit operation and capital needs
<b>Strategy 2 Highway 101 Gap Closure</b>		
	None	
<b>Strategy 3 Local Transportation Infrastructure</b>		
2	City of Mill Valley	Strategy 3.1, Major Roads, for Miller Avenue Streetscape Plan Project
3	Town of Ross	Strategy 3.2, Local Roads, for its usage of the FY2016-17 Measure A Local Roads funds for Lagunitas Road Pavement Rehabilitation Project
<b>Strategy 4 School Related Congestion and Safer Access to Schools</b>		
4	Parisi Associates	Strategy 4.1 & 4.3, Safe Routes & Safe Pathways to School, for all Measure A funds received under the Safe Routes to School professional contract
5	All City Management Services	Strategy 4.2, Crossing Guards for usage of funds in FY2017-18
6	City of Novato	Strategy 4.3, Safe Pathways to School, Major Capital Project, for Measure A funds received for Plum Street Sidewalk Improvement Project

**DISCUSSION/ANALYSIS:**

**Measure A Compliance Audit Process:**

The annual Measure A Compliance Audit Workshop was conducted on August 31, 2018. Staff, along with the audit team from Vavrinek, Trine, Day & Co., LLP, reviewed the requirements of the ½-Cent Measure A Expenditure Plan, the compliance audit policy adopted, and explained the process and timeline. Representatives from 10 different fund recipients attended the workshop and provided staff with valuable questions and feedback.

The audit team, along with TAM staff, started the initial pre-audit meetings with the fund recipients selected in September, field visits were completed by the end of November, and draft audit results were presented to TAM staff for review at the end of November. Staff is very pleased to report that there is no non-compliance findings discovered during this round of the compliance audit.

**Measure A Compliance Audit Results By Fund Recipients:**

The main purpose of the compliance audit is to verify all Measure A Transportation Sales Tax funds were spent according to the requirements of the ½-Cent Measure A Transportation Sales Tax Expenditure Plan/Strategic Plan and the funding agreements/contracts. Results from the audits can also help TAM staff to continue improving the fund programming and allocation process.

Compliance audit results for the 6 fund recipients selected for this round of audit effort are presented below for your review.

**Interest Revenue: No Audit Conducted**

**Strategy 1: Marin Transit, Measure A Funds for Local Transit**

**Measure A Expenditure Audited:**

Compliance audit for Marin Transit covers all Measure A expenditures that occurred in FY2017-18.

<b>Measure A Allocation</b>				
Period Audited	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY2017-18	A-FY18-01	1.1-1.4	7/1/2017	\$ 17,674,005
<b>Measure A Expenditures</b>				
Project Audited	Measure A Strategy	Amount		
Local Bus Transit	1.1	\$ 9,960,852		
Local Bus Transit Service	1.2	\$ 1,139,691		
Rural Bus Transit System	1.3	\$ 2,154,534		
Capital Improvements	1.4	\$ 2,333,434		
<b>Total Measure A Reimbursement</b>		<b>\$ 15,588,511</b>		

**Result:**

The results of the auditor's procedures disclosed no instances of noncompliance with the Measure A Expenditure Plan and the funding agreement between Marin Transit and TAM.

**Follow-up Meeting and/or Action:**

Not needed.

**Strategy 2 – Highway 101 Gap Closure - No Audit Conducted**

**Strategy 3.1 – City of Mill Valley, Major Roads: Miller Avenue Rehabilitation Project**

**Measure A Expenditure Audited:**

The Compliance audit for the City of Mill Valley covers Measure A expenditures under the Strategy 3.1 Major Roads and Strategy 3.2 Local Roads allocations, which was spent in FY2017-18.

<b>Measure A Allocation</b>				
Period Audited	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY2017-18	A-FY07-16	3.1	8/15/2016	\$ 11,461,798
FY2017-19	A-FY18-10	3.2	6/8/2018	\$ 181,654
<b>Measure A Expenditures</b>				
Project Audited	Measure A Strategy	Amount		
Miller Avenue Rehabilitation Project	Measure A Debt Reserve	\$ 1,211,798		
	3.1	\$ 2,814,234		
	3.2	\$ 181,654		
<b>Total Measure A Reimbursement</b>		<b>\$ 4,207,686</b>		

Result:

The results of the auditor’s procedures disclosed no instances of noncompliance with the Measure A Expenditure Plan and the funding agreement between the City of Mill Valley and TAM.

Follow-up Meeting and/or Action:

Not needed

**Strategy 3.2 – Town of Ross, Local Roads funds in or prior to FY2017-18**

Measure A Expenditure Audited:

The compliance audit for the Town of Ross covers Measure A expenditures under the Strategy 3.2 Local Streets and Roads allocation, which were spent in FY2017-18.

<b>Measure A Allocation</b>					
Period Audited	Agreement Number	Measure A Strategy	Agreement Date	Available Amount	
FY2017-18	A-FY18-12	3.2	4/12/2018	\$	35,259
<b>Measure A Expenditures</b>					
Project Audited	Measure A Strategy	Amount			
Brookwood Ln. & Redwood Dr. Pavement Rehabilitation Project	Measure A 5% Fund Reserve 3.2	\$	2,752	\$	32,507
<b>Total Measure A Reimbursement</b>			<b>\$</b>	<b>35,259</b>	

Result:

The results of the auditor’s procedures disclosed no instances of noncompliance with the Measure A Expenditure Plan and the funding agreement between the Town of Ross and TAM.

Follow-up Meeting and/or Action:

Not needed.

**Strategy 4.1 & 4.3 – Parisi Transportation Consulting, Safe Routes to School Contract, FY2017-18**

**Measure A Related Expenditures**

Measure A Expenditure Audited:

Compliance audit for Parisi Transportation Consulting covers FY2017-18 Measure A expenditures under the current contract.

<b>Measure A Allocation</b>				
Period Audited	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY2017-18	C-FY13/14-01	4.1 & 4.3	6/23/2016	\$ 955,000
<b>Measure A Expenditures</b>				
Project Audited	Strategy		Amount	
Safe Routes to School Program	Measure A 5% Fund Reserve		\$	67,187
	4.1		\$	644,150
	4.3		\$	203,144
<b>Total Measure A Reimbursement</b>			<b>\$</b>	<b>914,481</b>

Result:

The results of the auditor's procedures disclosed no instances of noncompliance with the Measure A Expenditure Plan and the professional contract between Parisi Transportation Consulting and TAM.

Follow-up Meeting and/or Action:

Not needed.

**Strategy 4.2 – All City Management Services, Inc., Crossing Guard Service Contract, FY2017-18 Measure A Related Expenditures**

Measure A Expenditure Audited:

Compliance audit for All City Management Services Inc. covers FY2017-18 Measure A expenditures under the current contract.

<b>Measure A Allocation</b>				
Period Audited	Agreement Number	Measure A Strategy	Agreement Date	Available Amount*
FY2017-18	C-FY13/14-01	4.2 & 4.3	6/23/2016	\$ 1,566,000
<b>Measure A Expenditures</b>				
Project Audited	Measure A Strategy		Amount	
Crossing Guard Program	Measure A 5% Fund Reserve		\$	85,443
	Measure A Debt Reserve		\$	28,000
	4.2		\$	1,005,603
	4.3		\$	26,000
<b>Total Measure A Reimbursement</b>			<b>\$</b>	<b>1,145,046</b>

\* Available amount includes non-Measure A funding, while expenditures only include Measure A related spending.

Result:

The results of the auditor's procedures disclosed no instances of noncompliance with the Measure A Expenditure Plan and the professional contract between All City Management Services Inc. and TAM.

Follow-up Meeting and/or Action:

Not needed.

**Strategy 4.3 – City of Novato, Safe Pathways to School, Big Capital Project: Plum Street Sidewalk Improvement Project**

**Measure A Expenditure Audited:**

The compliance audit for City of Novato covers Measure A expenditures under the Strategy 4.3 Safe Pathways to School allocations, which were spent in FY2017-18.

<b>Measure A Allocation</b>				
Period Audited	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY2017-18	A-FY15-06	4.3	9/2/2015	\$ 474,500
<b>Measure A Expenditures</b>				
Project Audited	Measure A Strategy	Amount		
Plum Street Sidewalk Improvement Project	4.3	\$ 474,244		
<b>Total Measure A Reimbursement</b>		<b>\$ 474,244</b>		

**Result:**

The results of the auditor’s procedures disclosed no instances of noncompliance with the Measure A Expenditure Plan and the funding agreement between the City of Novato and TAM.

**Follow-up Meeting and/or Action:**

Not needed.

**FISCAL CONSIDERATION:**

The Measure A compliance audit was conducted within budget and on schedule.

**NEXT STEPS:**

The ninth Measure A compliance audit cycle will start in June 2019.

**ATTACHMENTS:**

- Attachment 1 Measure A Compliance Audit Report – Marin Transit
- Attachment 2 Measure A Compliance Audit Report – City of Mill Valley
- Attachment 3 Measure A Compliance Audit Report – Town of Ross
- Attachment 4 Measure A Compliance Audit Report – Parisi Transportation Consulting
- Attachment 5 Measure A Compliance Audit Report – All City Management Services Inc.
- Attachment 6 Measure A Compliance Audit Report – City of Novato



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER COMPLIANCE**

Board of Commissioners of  
Transportation Authority of Marin  
San Rafael, California

**Compliance**

We have audited the Marin Transit's (Agency) compliance with the types of compliance requirements described in the Measure A ½-Cent Transportation Sales Tax Expenditure Plan (Expenditure Plan) and the respective funding agreement with the Transportation Authority of Marin (TAM) applicable to the Agency's Schedule of Allocations and Expenditures for the year ended June 30, 2018.

***Management's Responsibility***

Compliance with the requirements referred to above is the responsibility of management of the Agency.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to compliance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Expenditure Plan approved by the voters of the County of Marin (County) in 2004, and the respective funding agreement between the Agency and TAM. Those standards and Expenditure Plan, and the respective funding agreement between the Agency and TAM require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the Agency's Schedule of Allocations and Expenditures. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Agency's compliance with those requirements.

***Opinion***

In our opinion, the Agency complied, in all material respects, with the compliance requirements referred to above that are applicable to the Agency's Schedule of Allocations and Expenditures for the year ended June 30, 2018.

## Report on Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Agency's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiency or material weaknesses, as defined above.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the Expenditure Plan and the respective funding agreement between the Agency and TAM. This report is intended solely for the information of the Board of Commissioners, Citizens' Oversight Committee, Management of TAM, and management of the Agency. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine, Day & Co. LLP

Vavrinek, Trine Day & Co., LLP  
November xx, 2018



**MARIN TRANSIT**

**MEASURE A COMPLIANCE REPORT AND NOTES  
JUNE 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Reporting Entity**

The Agency is a transit operator formed by the voters of Marin County in 1964 and was given the responsibility to provide local transit services within the County.

**Basis of Accounting**

The Agency utilizes the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

**NOTE 2 - MEASURE A SALES TAX**

Measure A is a ½-cent transportation sales set forth by the voters of the County as a step in implementing a 1.6 billion dollar “transportation vision” set forth by the County as a plan to alleviate traffic congestion, reinvent the public transportation system, provide addition pedestrian and bike pathways, provide safer routes to school and many other additional transit related goals. Citizens’ advisory committees in each part of the County, representing the many diverse interests in County, provided input that results in a draft expenditure plan. The draft expenditure plan was presented to each of the County’s City/Town Councils and to numerous stakeholder groups. Their comments prompted refinements reflected in the Expenditure Plan.

The Expenditure Plan is administered by TAM. Its 16-member board consists of the Board of Supervisors and a council member of each incorporated City/Town. TAM is accountable to a 12-member Citizens’ Oversight Committee (Committee), created with the assistance of the League of Women Voters. The Committee reviews all expenditures and reports annually to the public.

**MARIN TRANSIT**

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE**

**JUNE 30, 2018**

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1. Obtained original Funding Agreement/ Professional Contract, Allocation Request, and Funding Agreement/Professional Contract Amendments for the audit period or for the period during which funding was utilized for an approved project.
2. Reviewed Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments to determine total funding provided by the applicable Strategy for the audit period or for the projects being audited.
3. Interviewed finance staff regarding internal controls in the following areas, specific to, but not limited to, accounting for Measure A funding, to obtain an understanding of the entity's operations:
  - a. Cash Disbursements – Reviewed policies and procedures regarding approval, defacements, accounts payable check processing, and other matters related to the disbursement of funds.
  - b. Cash Receipts – Reviewed policies and procedures regarding cash handling of over-the-counter receipts and cash receipts received through the mail, bank deposits, bank reconciliations, and other matters related to the receipt of funds.
4. Obtained all invoices submitted to TAM for reimbursements, if applicable.
5. Obtained supporting documentation for a sample of invoices submitted to TAM for reimbursements, including construction, personnel, project management, consultants, and other related costs.
6. Obtained general ledger detail for revenue and expenditures charged to the Measure A funding source or equivalent reports where income and expenses associated with Measure A funds can be clearly identified.
7. Reviewed remittances from TAM to ensure that all revenues are correctly coded to the specific cost center or fund code designated for Measure A funding.
8. For reimbursement-based agreements, we reviewed a sample of invoices submitted to TAM to ensure that the costs being billed on the invoices reconcile with the ones being charged to the specific Measure A cost center in the entity's financial accounting system.
9. For reimbursement-based funding agreements/professional contracts, expenditures charged to the specific cost center or fund code designated for Measure A funding were selected on a random basis were and tested for the following attributes:
  - a. Approval – Reviewed invoices and supporting documentation to ensure that the proper review and approval process occurred and is documented on the invoice.
  - b. Invoice – Reviewed invoices and supporting documentation to ensure that they are mathematically accurate, properly addressed to the auditee, and have sufficient detail to justify the amounts being charged and the cost center or fund code to which it is being charged to.

**MARIN TRANSIT**

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE**

**JUNE 30, 2018**

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- c. Coding – Reviewed invoices and supporting documentation to ensure that they have been correctly coded to the specific cost center or fund code designated for Measure A funding.
  - d. Allowable – Reviewed invoices and supporting documentation to ensure that the costs being charged to the specific cost center or fund code designated for Measure A funding are allowable costs based on the Expenditure Plan, the entity’s funding agreement with TAM, and specific requirements of the Strategy for which the funds were restricted for. Also reviewed expenditures to ensure that all costs are direct costs and not indirect costs or allocations of any kind.
10. For entities receiving funding in advance for Strategy 3 under a Measure A funding agreement, we reviewed, in summary form, various invoices to verify that expenditures being charged to the specific cost center or fund code restricted for Measure A are reasonable for the project. In addition, expenditures are also tested in the same fashion as outlined in step 9 of this list.
11. For entities where capital construction projects were funded utilizing Measure A Strategy 3 and 4 funding, we obtained the necessary project files and reviewed them for the following requirements:
- a. Procurement Process – Reviewed procurement process of the project to ensure that the project was properly advertised in publications, internet, trade journals and/or other acceptable means. If other means of procurement, such as selective RFP submittals were followed, we determined whether the process is adequate in regards to the project. Reviewed any other evidence of procurement when appropriate, such as fax logs or mailing lists.
  - b. Bids and Proposals – Reviewed bids and proposals received to ensure that sufficient bids were received in regards to the project.
  - c. Bid Award – Reviewed Agency Council Agendas and Minutes and/or related reports in regards to the bid award to ensure that the contract for the project was properly approved by Department Heads and the Agency and was properly documented in a public forum. Also, we reviewed bidding results to ensure that the lowest bid was selected, and if the lowest bid was not selected, that there is sufficient documentation for any other selection process utilized.
12. For entities where professional service contracts were paid utilizing Measure A funding, with regards to construction projects or other purposes, we reviewed the policies and procedures of the entity in question to ensure that internal policies and procedures were followed in regards to the selection of professional service firms.
13. For entities where capital construction projects were paid utilizing Measure A Strategy 3 and 4 funding, we reviewed any applicable environmental review requirements and reviewed documentation to verify that all reports and reviews were performed prior to the start of any construction.

**MARIN TRANSIT**

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE  
JUNE 30, 2018**

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14. For entities where personnel costs were charged to the specific cost center or fund code designated for Measure A funding, we selected a representative sample of charges for personnel costs and tested for the following:
  - a. Recalculation – Reviewed and reconciled wage rates from personnel costs charged to Measure A cost center or fund code to the entity’s payroll registers to ensure that wage rates being charged were accurate and properly approved; reviewed all benefits and fringe costs being allocated in addition to wage rates to ensure that they are accurate and appropriate; recalculated personnel costs utilizing wage rates and hours being charged to ensure that the amounts are mathematically accurate; review the calculation to ensure no indirect costs are included in the reimbursement request.
  - b. Timesheet – Reviewed timesheets for selected personnel costs to ensure that hours being charged to Measure A are properly supported with an approved timesheet. All charges to Measure A funding must be clearly documented on timesheets, detailing the number of hours and the funding source, on a daily basis. We also reviewed timesheets for selected personnel costs to ensure that signatures of both the employee and supervisor are present. Electronic time documentation methods must also have similar electronic signatures.
15. Obtained close-out reports, from completed capital construction projects, submitted to TAM.
16. Reviewed close-out reports to ensure that they were submitted within 90 days and were properly certified in accordance with the entity’s funding agreement/contract with TAM.

**MARIN TRANSIT**

**ATTACHMENT B – FINDINGS AND OBSERVATIONS  
JUNE 30, 2018**

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No findings noted.

MARIN TRANSIT

**ATTACHMENT C – SCHEDULE OF ALLOCATIONS AND EXPENDITURES  
JUNE 30, 2018**

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<b>Measure A Allocation</b>				
Period Audited	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY2017-18	A-FY18-01	1.1-1.4	7/1/2017	\$ 17,674,005
<b>Measure A Expenditures</b>				
Project Audited	Measure A			
	Strategy	Amount		
Local Bus Transit	1.1	\$ 9,960,852		
Local Bus Transit Service	1.2	\$ 1,139,691		
Rural Bus Transit System	1.3	\$ 2,154,534		
Capital Improvements	1.4	\$ 2,333,434		
<b>Total Measure A Reimbursement</b>		<b>\$ 15,588,511</b>		



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER COMPLIANCE**

Board of Commissioners of  
Transportation Authority of Marin  
San Rafael, California

**Compliance**

We have audited the City of Mill Valley (City) compliance with the types of compliance requirements described in the Measure A ½-Cent Transportation Sales Tax Expenditure Plan (Expenditure Plan) and the respective funding agreement with the Transportation Authority of Marin (TAM) applicable to the Town's Schedule of Allocations and Expenditures for the year ended June 30, 2018.

***Management's Responsibility***

Compliance with the requirements referred to above is the responsibility of management of the City.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to compliance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Expenditure Plan approved by the voters of the County of Marin (County) in 2004, and the respective funding agreement between the Town and TAM. Those standards and Expenditure Plan, and the respective funding agreement between the Town and TAM require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the Town's Schedule of Allocations and Expenditures. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

***Opinion***

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that are applicable to the Town's Schedule of Allocations and Expenditures for the year ended June 30, 2018.

## Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Town's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiency or material weaknesses, as defined above.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the Expenditure Plan and the respective funding agreement between the Town and TAM. This report is intended solely for the information of the Board of Commissioners, Citizens' Oversight Committee, Management of TAM, and management of the Town. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine, Day & Co. LLP

Vavrinek, Trine Day & Co., LLP  
November xx, 2018



**CITY OF MILL VALLEY**

**MEASURE A COMPLIANCE REPORT AND NOTES TO THE MEASURE A  
JUNE 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Reporting Entity**

The City is an incorporated city that receives funding under the Measure A Expenditure Plan as a member of the County of Marin.

**Basis of Accounting**

The City utilizes the current resources measurement focus basis of account, whereby revenues are recognized when measurable and available. The City considers all revenues reported to be available if the revenues are collected within sixty days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. Capital assets acquisitions are reported as expenditures in the governmental funds.

**NOTE 2 - MEASURE A SALES TAX**

Measure A is a ½-cent transportation sales set forth by the voters of the County as a step in implementing a 1.6 billion dollar “transportation vision” set forth by the County as a plan to alleviate traffic congestion, reinvent the public transportation system, provide addition pedestrian and bike pathways, provide safer routes to school and many other additional transit related goals. Citizens’ advisory committees in each part of the County, representing the many diverse interests in County, provided input that results in a draft expenditure plan. The draft expenditure plan was presented to each of the County’s City/Town Councils and to numerous stakeholder groups. Their comments prompted refinements reflected in the Expenditure Plan.

The Expenditure Plan is administered by TAM. Its 16-member board consists of the Board of Supervisors and a council member of each incorporated City/Town. TAM is accountable to a 12-member Citizens’ Oversight Committee (Committee), created with the assistance of the League of Women Voters. The Committee reviews all expenditures and reports annually to the public.

**CITY OF MILL VALLEY**

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE  
JUNE 30, 2018**

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1. Obtained original Funding Agreement/ Professional Contract, Allocation Request, and Funding Agreement/Professional Contract Amendments for the audit period or for the period during which funding was utilized for an approved project.
2. Reviewed Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments to determine total funding provided by the applicable Strategy for the audit period or for the projects being audited.
3. Interviewed finance staff regarding internal controls in the following areas, specific to, but not limited to, accounting for Measure A funding, to obtain an understanding of the entity's operations:
  - a. Cash Disbursements – Reviewed policies and procedures regarding approval, defacements, accounts payable check processing, and other matters related to the disbursement of funds.
  - b. Cash Receipts – Reviewed policies and procedures regarding cash handling of over-the-counter receipts and cash receipts received through the mail, bank deposits, bank reconciliations, and other matters related to the receipt of funds.
4. Obtained all invoices submitted to TAM for reimbursements, if applicable.
5. Obtained supporting documentation for a sample of invoices submitted to TAM for reimbursements, including construction, personnel, project management, consultants, and other related costs.
6. Obtained general ledger detail for revenue and expenditures charged to the Measure A funding source or equivalent reports where income and expenses associated with Measure A funds can be clearly identified.
7. Reviewed remittances from TAM to ensure that all revenues are correctly coded to the specific cost center or fund code designated for Measure A funding.
8. For reimbursement-based agreements, we reviewed a sample of invoices submitted to TAM to ensure that the costs being billed on the invoices reconcile with the ones being charged to the specific Measure A cost center in the entity's financial accounting system.
9. For reimbursement-based funding agreements/professional contracts, expenditures charged to the specific cost center or fund code designated for Measure A funding were selected on a random basis were and tested for the following attributes:
  - a. Approval – Reviewed invoices and supporting documentation to ensure that the proper review and approval process occurred and is documented on the invoice.
  - b. Invoice – Reviewed invoices and supporting documentation to ensure that they are mathematically accurate, properly addressed to the auditee, and have sufficient detail to justify the amounts being charged and the cost center or fund code to which it is being charged to.

**CITY OF MILL VALLEY**

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE  
JUNE 30, 2018**

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- c. Coding – Reviewed invoices and supporting documentation to ensure that they have been correctly coded to the specific cost center or fund code designated for Measure A funding.
  - d. Allowable – Reviewed invoices and supporting documentation to ensure that the costs being charged to the specific cost center or fund code designated for Measure A funding are allowable costs based on the Expenditure Plan, the entity’s funding agreement with TAM, and specific requirements of the Strategy for which the funds were restricted for. Also reviewed expenditures to ensure that all costs are direct costs and not indirect costs or allocations of any kind.
10. For entities receiving funding in advance for Strategy 3 under a Measure A funding agreement, we reviewed, in summary form, various invoices to verify that expenditures being charged to the specific cost center or fund code restricted for Measure A are reasonable for the project. In addition, expenditures are also tested in the same fashion as outlined in step 9 of this list.
11. For entities where capital construction projects were funded utilizing Measure A Strategy 3 and 4 funding, we obtained the necessary project files and reviewed them for the following requirements:
- a. Procurement Process – Reviewed procurement process of the project to ensure that the project was properly advertised in publications, internet, trade journals and/or other acceptable means. If other means of procurement, such as selective RFP submittals were followed, we determined whether the process is adequate in regards to the project. Reviewed any other evidence of procurement when appropriate, such as fax logs or mailing lists.
  - b. Bids and Proposals – Reviewed bids and proposals received to ensure that sufficient bids were received in regards to the project.
  - c. Bid Award – Reviewed Town Council Agendas and Minutes and/or related reports in regards to the bid award to ensure that the contract for the project was properly approved by Department Heads and the Town and was properly documented in a public forum. Also, we reviewed bidding results to ensure that the lowest bid was selected, and if the lowest bid was not selected, that there is sufficient documentation for any other selection process utilized.
12. For entities where professional service contracts were paid utilizing Measure A funding, with regards to construction projects or other purposes, we reviewed the policies and procedures of the entity in question to ensure that internal policies and procedures were followed in regards to the selection of professional service firms.
13. For entities where capital construction projects were paid utilizing Measure A Strategy 3 and 4 funding, we reviewed any applicable environmental review requirements and reviewed documentation to verify that all reports and reviews were performed prior to the start of any construction.

**CITY OF MILL VALLEY**

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE  
JUNE 30, 2018**

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14. For entities where personnel costs were charged to the specific cost center or fund code designated for Measure A funding, we selected a representative sample of charges for personnel costs and tested for the following:
  - a. Recalculation – Reviewed and reconciled wage rates from personnel costs charged to Measure A cost center or fund code to the entity’s payroll registers to ensure that wage rates being charged were accurate and properly approved; reviewed all benefits and fringe costs being allocated in addition to wage rates to ensure that they are accurate and appropriate; recalculated personnel costs utilizing wage rates and hours being charged to ensure that the amounts are mathematically accurate; review the calculation to ensure no indirect costs are included in the reimbursement request.
  - b. Timesheet – Reviewed timesheets for selected personnel costs to ensure that hours being charged to Measure A are properly supported with an approved timesheet. All charges to Measure A funding must be clearly documented on timesheets, detailing the number of hours and the funding source, on a daily basis. We also reviewed timesheets for selected personnel costs to ensure that signatures of both the employee and supervisor are present. Electronic time documentation methods must also have similar electronic signatures.
15. Obtained close-out reports, from completed capital construction projects, submitted to TAM.
16. Reviewed close-out reports to ensure that they were submitted within 90 days and were properly certified in accordance with the entity’s funding agreement/contract with TAM.

**CITY OF MILL VALLEY**

**ATTACHMENT B – FINDINGS AND OBSERVATIONS  
JUNE 30, 2018**

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No findings noted.

CITY OF MILL VALLEY

**ATTACHMENT C – SCHEDULE OF ALLOCATIONS AND EXPENDITURES  
JUNE 30, 2018**

<b>Measure A Allocation</b>				
Period Audited	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY2017-18	A-FY07-16	3.1	8/15/2016	\$ 11,461,798
FY2017-19	A-FY18-10	3.2	6/8/2018	\$ 181,654
<b>Measure A Expenditures</b>				
Project Audited	Measure A Strategy		Amount	
Miller Avenue Rehabilitation Project	Measure A Debt Reserve		\$	1,211,798
	3.1		\$	2,814,234
	3.2		\$	181,654
<b>Total Measure A Reimbursement</b>			<b>\$</b>	<b>4,207,686</b>



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER COMPLIANCE**

Board of Commissioners of  
Transportation Authority of Marin  
San Rafael, California

**Compliance**

We have audited the Town of Ross (Town) compliance with the types of compliance requirements described in the Measure A ½-Cent Transportation Sales Tax Expenditure Plan (Expenditure Plan) and the respective funding agreement with the Transportation Authority of Marin (TAM) applicable to the Town's Schedule of Allocations and Expenditures for the year ended June 30, 2018.

***Management's Responsibility***

Compliance with the requirements referred to above is the responsibility of management of the Town.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to compliance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Expenditure Plan approved by the voters of the County of Marin (County) in 2004, and the respective funding agreement between the Town and TAM. Those standards and Expenditure Plan, and the respective funding agreement between the Town and TAM require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the Town's Schedule of Allocations and Expenditures. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

***Opinion***

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that are applicable to the Town's Schedule of Allocations and Expenditures for the year ended June 30, 2018.

## Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Town's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiency or material weaknesses, as defined above.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the Expenditure Plan and the respective funding agreement between the Town and TAM. This report is intended solely for the information of the Board of Commissioners, Citizens' Oversight Committee, Management of TAM, and management of the Town. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine, Day & Co. LLP

Vavrinek, Trine, Day & Co., LLP  
November xx, 2018



**TOWN OF ROSS**

**MEASURE A COMPLIANCE REPORT AND NOTES  
JUNE 30, 2018**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Reporting Entity**

The Town is an incorporated Town that receives funding under the Expenditure Plan as an eligible local jurisdiction in the County.

**Basis of Accounting**

The Town utilizes the current resources measurement focus basis of account, whereby revenues are recognized when measurable and available. The Town considers all revenues reported to be available if the revenues are collected within sixty days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. Capital assets acquisitions are reported as expenditures in the governmental funds.

**NOTE 2 - MEASURE A SALES TAX**

Measure A is a ½-cent transportation sales set forth by the voters of the County as a step in implementing a 1.6 billion dollar “transportation vision” set forth by the County as a plan to alleviate traffic congestion, reinvent the public transportation system, provide addition pedestrian and bike pathways, provide safer routes to school and many other additional transit related goals. Citizens’ advisory committees in each part of the County, representing the many diverse interests in County, provided input that results in a draft expenditure plan. The draft expenditure plan was presented to each of the County’s City/Town Councils and to numerous stakeholder groups. Their comments prompted refinements reflected in the Expenditure Plan.

The Expenditure Plan is administered by TAM. Its 16-member board consists of the Board of Supervisors and a council member of each incorporated City/Town. TAM is accountable to a 12-member Citizens’ Oversight Committee (Committee), created with the assistance of the League of Women Voters. The Committee reviews all expenditures and reports annually to the public.

**TOWN OF ROSS**

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE  
JUNE 30, 2018**

---

1. Obtained original Funding Agreement/ Professional Contract, Allocation Request, and Funding Agreement/Professional Contract Amendments for the audit period or for the period during which funding was utilized for an approved project.
2. Reviewed Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments to determine total funding provided by the applicable Strategy for the audit period or for the projects being audited.
3. Interviewed finance staff regarding internal controls in the following areas, specific to, but not limited to, accounting for Measure A funding, to obtain an understanding of the entity's operations:
  - a. Cash Disbursements – Reviewed policies and procedures regarding approval, defacements, accounts payable check processing, and other matters related to the disbursement of funds.
  - b. Cash Receipts – Reviewed policies and procedures regarding cash handling of over-the-counter receipts and cash receipts received through the mail, bank deposits, bank reconciliations, and other matters related to the receipt of funds.
4. Obtained all invoices submitted to TAM for reimbursements, if applicable.
5. Obtained supporting documentation for a sample of invoices submitted to TAM for reimbursements, including construction, personnel, project management, consultants, and other related costs.
6. Obtained general ledger detail for revenue and expenditures charged to the Measure A funding source or equivalent reports where income and expenses associated with Measure A funds can be clearly identified.
7. Reviewed remittances from TAM to ensure that all revenues are correctly coded to the specific cost center or fund code designated for Measure A funding.
8. For reimbursement-based agreements, we reviewed a sample of invoices submitted to TAM to ensure that the costs being billed on the invoices reconcile with the ones being charged to the specific Measure A cost center in the entity's financial accounting system.
9. For reimbursement-based funding agreements/professional contracts, expenditures charged to the specific cost center or fund code designated for Measure A funding were selected on a random basis were and tested for the following attributes:
  - a. Approval – Reviewed invoices and supporting documentation to ensure that the proper review and approval process occurred and is documented on the invoice.
  - b. Invoice – Reviewed invoices and supporting documentation to ensure that they are mathematically accurate, properly addressed to the auditee, and have sufficient detail to justify the amounts being charged and the cost center or fund code to which it is being charged to.

**TOWN OF ROSS**

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE  
JUNE 30, 2018**

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- c. Coding – Reviewed invoices and supporting documentation to ensure that they have been correctly coded to the specific cost center or fund code designated for Measure A funding.
  - d. Allowable – Reviewed invoices and supporting documentation to ensure that the costs being charged to the specific cost center or fund code designated for Measure A funding are allowable costs based on the Expenditure Plan, the entity’s funding agreement with TAM, and specific requirements of the Strategy for which the funds were restricted for. Also reviewed expenditures to ensure that all costs are direct costs and not indirect costs or allocations of any kind.
10. For entities receiving funding in advance for Strategy 3 under a Measure A funding agreement, we reviewed, in summary form, various invoices to verify that expenditures being charged to the specific cost center or fund code restricted for Measure A are reasonable for the project. In addition, expenditures are also tested in the same fashion as outlined in step 9 of this list.
11. For entities where capital construction projects were funded utilizing Measure A Strategy 3 and 4 funding, we obtained the necessary project files and reviewed them for the following requirements:
- a. Procurement Process – Reviewed procurement process of the project to ensure that the project was properly advertised in publications, internet, trade journals and/or other acceptable means. If other means of procurement, such as selective RFP submittals were followed, we determined whether the process is adequate in regards to the project. Reviewed any other evidence of procurement when appropriate, such as fax logs or mailing lists.
  - b. Bids and Proposals – Reviewed bids and proposals received to ensure that sufficient bids were received in regards to the project.
  - c. Bid Award – Reviewed Town Council Agendas and Minutes and/or related reports in regards to the bid award to ensure that the contract for the project was properly approved by Department Heads and the Town and was properly documented in a public forum. Also, we reviewed bidding results to ensure that the lowest bid was selected, and if the lowest bid was not selected, that there is sufficient documentation for any other selection process utilized.
12. For entities where professional service contracts were paid utilizing Measure A funding, with regards to construction projects or other purposes, we reviewed the policies and procedures of the entity in question to ensure that internal policies and procedures were followed in regards to the selection of professional service firms.
13. For entities where capital construction projects were paid utilizing Measure A Strategy 3 and 4 funding, we reviewed any applicable environmental review requirements and reviewed documentation to verify that all reports and reviews were performed prior to the start of any construction.

**TOWN OF ROSS**

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE  
JUNE 30, 2018**

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14. For entities where personnel costs were charged to the specific cost center or fund code designated for Measure A funding, we selected a representative sample of charges for personnel costs and tested for the following:
  - a. Recalculation – Reviewed and reconciled wage rates from personnel costs charged to Measure A cost center or fund code to the entity’s payroll registers to ensure that wage rates being charged were accurate and properly approved; reviewed all benefits and fringe costs being allocated in addition to wage rates to ensure that they are accurate and appropriate; recalculated personnel costs utilizing wage rates and hours being charged to ensure that the amounts are mathematically accurate; review the calculation to ensure no indirect costs are included in the reimbursement request.
  - b. Timesheet – Reviewed timesheets for selected personnel costs to ensure that hours being charged to Measure A are properly supported with an approved timesheet. All charges to Measure A funding must be clearly documented on timesheets, detailing the number of hours and the funding source, on a daily basis. We also reviewed timesheets for selected personnel costs to ensure that signatures of both the employee and supervisor are present. Electronic time documentation methods must also have similar electronic signatures.
15. Obtained close-out reports, from completed capital construction projects, submitted to TAM.
16. Reviewed close-out reports to ensure that they were submitted within 90 days and were properly certified in accordance with the entity’s funding agreement/contract with TAM.

**TOWN OF ROSS**

**ATTACHMENT B – FINDINGS AND OBSERVATIONS  
JUNE 30, 2018**

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No findings noted.

TOWN OF ROSS

**ATTACHMENT C – SCHEDULE OF ALLOCATIONS AND EXPENDITURES  
JUNE 30, 2018**

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<b>Measure A Allocation</b>				
Period Audited	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY2017-18	A-FY18-12	3.2	4/12/2018	\$ 35,259
<b>Measure A Expenditures</b>				
Project Audited	Measure A Strategy	Amount		
Brookwood Ln. & Redwood Dr. Pavement Rehabilitation Project	Measure A 5% Fund Reserve 3.2	\$ 2,752		
		\$ 32,507		
<b>Total Measure A Reimbursement</b>		<b>\$ 35,259</b>		



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER COMPLIANCE**

Board of Commissioners of  
Transportation Authority of Marin  
San Rafael, California

**Compliance**

We have audited Parisi Transportation Consulting (Company) compliance with the types of compliance requirements described in the Measure A ½-Cent Transportation Sales Tax Expenditure Plan (Expenditure Plan) and the respective funding agreement with the Transportation Authority of Marin (TAM) applicable to the Company's Schedule of Allocations and Expenditures for the year ended June 30, 2018.

***Management's Responsibility***

Compliance with the requirements referred to above is the responsibility of management of the Company.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the Company's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to compliance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Expenditure Plan approved by the voters of the County of Marin (County) in 2004, and the respective funding agreement between the Company and TAM. Those standards and Expenditure Plan, and the respective funding agreement between the Company and TAM require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the Company's Schedule of Allocations and Expenditures. An audit includes examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Company's compliance with those requirements.

***Opinion***

In our opinion, the Company complied, in all material respects, with the compliance requirements referred to above that are applicable to the Company's Schedule of Allocations and Expenditures for the year ended June 30, 2018.

## Internal Control Over Compliance

Management of the Company is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Company's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiency or material weaknesses, as defined above.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the Expenditure Plan and the respective funding agreement between the Company and TAM. This report is intended solely for the information of the Board of Commissioners, Citizens' Oversight Committee, Management of TAM, and management of the Company. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine, Day & Co. LLP

Vavrinek, Trine Day & Co., LLP  
November xx, 2018



**PARISI TRANSPORTATION CONSULTING**

**MEASURE A COMPLIANCE REPORT AND NOTES TO THE MEASURE A  
JUNE 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Reporting Entity**

The Company is an incorporated company that receives funding under the Measure A Expenditure Plan to provide Safe Routes to School Planning.

**Basis of Accounting**

The Company uses accrual basis of accounting and utilizes the current resources measurement focus basis of account, whereby revenues are recognized when measurable and available.

**NOTE 2 - MEASURE A SALES TAX**

Measure A is a ½-cent transportation sales set forth by the voters of the County as a step in implementing a 1.6 billion dollar “transportation vision” set forth by the County as a plan to alleviate traffic congestion, reinvent the public transportation system, provide addition pedestrian and bike pathways, provide safer routes to school and many other additional transit related goals. Citizens’ advisory committees in each part of the County, representing the many diverse interests in County, provided input that results in a draft expenditure plan. The draft expenditure plan was presented to each of the County’s City/Town Councils and to numerous stakeholder groups. Their comments prompted refinements reflected in the Expenditure Plan.

The Expenditure Plan is administered by TAM. Its 16-member board consists of the Board of Supervisors and a council member of each incorporated City/Town. TAM is accountable to a 12-member Citizens’ Oversight Committee (Committee), created with the assistance of the League of Women Voters. The Committee reviews all expenditures and reports annually to the public.

**PARISI TRANSPORTATION CONSULTING**

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE**

**JUNE 30, 2018**

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1. Obtained original Funding Agreement/ Professional Contract, Allocation Request, and Funding Agreement/Professional Contract Amendments for the audit period or for the period during which funding was utilized for an approved project.
2. Reviewed Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments to determine total funding provided by the applicable Strategy for the audit period or for the projects being audited.
3. Interviewed finance staff regarding internal controls in the following areas, specific to, but not limited to, accounting for Measure A funding, to obtain an understanding of the entity's operations:
  - a. Cash Disbursements – Reviewed policies and procedures regarding approval, defacements, accounts payable check processing, and other matters related to the disbursement of funds.
  - b. Cash Receipts – Reviewed policies and procedures regarding cash handling of over-the-counter receipts and cash receipts received through the mail, bank deposits, bank reconciliations, and other matters related to the receipt of funds.
4. Obtained all invoices submitted to TAM for reimbursements, if applicable.
5. Obtained supporting documentation for a sample of invoices submitted to TAM for reimbursements, including construction, personnel, project management, consultants, and other related costs.
6. Obtained general ledger detail for revenue and expenditures charged to the Measure A funding source or equivalent reports where income and expenses associated with Measure A funds can be clearly identified.
7. Reviewed remittances from TAM to ensure that all revenues are correctly coded to the specific cost center or fund code designated for Measure A funding.
8. For reimbursement-based agreements, we reviewed a sample of invoices submitted to TAM to ensure that the costs being billed on the invoices reconcile with the ones being charged to the specific Measure A cost center in the entity's financial accounting system.
9. For reimbursement-based funding agreements/professional contracts, expenditures charged to the specific cost center or fund code designated for Measure A funding were selected on a random basis were and tested for the following attributes:
  - a. Approval – Reviewed invoices and supporting documentation to ensure that the proper review and approval process occurred and is documented on the invoice.
  - b. Invoice – Reviewed invoices and supporting documentation to ensure that they are mathematically accurate, properly addressed to the auditee, and have sufficient detail to justify the amounts being charged and the cost center or fund code to which it is being charged to.

PARISI TRANSPORTATION CONSULTING

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE**

**JUNE 30, 2018**

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- c. Coding – Reviewed invoices and supporting documentation to ensure that they have been correctly coded to the specific cost center or fund code designated for Measure A funding.
  - d. Allowable – Reviewed invoices and supporting documentation to ensure that the costs being charged to the specific cost center or fund code designated for Measure A funding are allowable costs based on the Expenditure Plan, the entity’s funding agreement with TAM, and specific requirements of the Strategy for which the funds were restricted for. Also reviewed expenditures to ensure that all costs are direct costs and not indirect costs or allocations of any kind.
10. For entities receiving funding in advance for Strategy 3 under a Measure A funding agreement, we reviewed, in summary form, various invoices to verify that expenditures being charged to the specific cost center or fund code restricted for Measure A are reasonable for the project. In addition, expenditures are also tested in the same fashion as outlined in step 9 of this list.
11. For entities where capital construction projects were funded utilizing Measure A Strategy 3 and 4 funding, we obtained the necessary project files and reviewed them for the following requirements:
- a. Procurement Process – Reviewed procurement process of the project to ensure that the project was properly advertised in publications, internet, trade journals and/or other acceptable means. If other means of procurement, such as selective RFP submittals were followed, we determined whether the process is adequate in regards to the project. Reviewed any other evidence of procurement when appropriate, such as fax logs or mailing lists.
  - b. Bids and Proposals – Reviewed bids and proposals received to ensure that sufficient bids were received in regards to the project.
  - c. Bid Award – Reviewed Agendas and Minutes and/or related reports in regards to the bid award to ensure that the contract for the project was properly approved by Department Heads and the Company and was properly documented in a public forum. Also, we reviewed bidding results to ensure that the lowest bid was selected, and if the lowest bid was not selected, that there is sufficient documentation for any other selection process utilized.
12. For entities where professional service contracts were paid utilizing Measure A funding, with regards to construction projects or other purposes, we reviewed the policies and procedures of the entity in question to ensure that internal policies and procedures were followed in regards to the selection of professional service firms.
13. For entities where capital construction projects were paid utilizing Measure A Strategy 3 and 4 funding, we reviewed any applicable environmental review requirements and reviewed documentation to verify that all reports and reviews were performed prior to the start of any construction.

**PARISI TRANSPORTATION CONSULTING**

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE  
JUNE 30, 2018**

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14. For entities where personnel costs were charged to the specific cost center or fund code designated for Measure A funding, we selected a representative sample of charges for personnel costs and tested for the following:
  - a. Recalculation – Reviewed and reconciled wage rates from personnel costs charged to Measure A cost center or fund code to the entity’s payroll registers to ensure that wage rates being charged were accurate and properly approved; reviewed all benefits and fringe costs being allocated in addition to wage rates to ensure that they are accurate and appropriate; recalculated personnel costs utilizing wage rates and hours being charged to ensure that the amounts are mathematically accurate; review the calculation to ensure no indirect costs are included in the reimbursement request.
  - b. Timesheet – Reviewed timesheets for selected personnel costs to ensure that hours being charged to Measure A are properly supported with an approved timesheet. All charges to Measure A funding must be clearly documented on timesheets, detailing the number of hours and the funding source, on a daily basis. We also reviewed timesheets for selected personnel costs to ensure that signatures of both the employee and supervisor are present. Electronic time documentation methods must also have similar electronic signatures.
15. Obtained close-out reports, from completed capital construction projects, submitted to TAM.
16. Reviewed close-out reports to ensure that they were submitted within 90 days and were properly certified in accordance with the entity’s funding agreement/contract with TAM.

**PARISI TRANSPORTATION CONSULTING**

**ATTACHMENT B – FINDINGS AND OBSERVATIONS  
JUNE 30, 2018**

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No findings noted.

PARISI TRANSPORTATION CONSULTING

**ATTACHMENT C – SCHEDULE OF ALLOCATIONS AND EXPENDITURES  
JUNE 30, 2018**

<b>Measure A Allocation</b>				
Period Audited	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY2017-18	C-FY13/14-01	4.1 & 4.3	6/23/2016	\$ 955,000
<b>Measure A Expenditures</b>				
Project Audited	Strategy		Amount	
Safe Routes to School Program	Measure A 5% Fund Reserve		\$	67,187
	4.1		\$	644,150
	4.3		\$	203,144
<b>Total Measure A Reimbursement</b>			<b>\$</b>	<b>914,481</b>



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER COMPLIANCE**

Board of Commissioners of  
Transportation Authority of Marin  
San Rafael, California

**Compliance**

We have audited the All City Management Services, Inc. (ACMS) compliance with the types of compliance requirements described in the Measure A ½-Cent Transportation Sales Tax Expenditure Plan (Expenditure Plan) and the respective funding agreement with the Transportation Authority of Marin (TAM) applicable to the ACMS's Schedule of Allocations and Expenditures for the year ended June 30, 2018.

***Management's Responsibility***

Compliance with the requirements referred to above is the responsibility of management of the ACMS.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the ACMS's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to compliance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Expenditure Plan approved by the voters of the County of Marin (County) in 2004, and the respective funding agreement between the ACMS and TAM. Those standards and Expenditure Plan, and the respective funding agreement between the ACMS and TAM require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the ACMS's Schedule of Allocations and Expenditures. An audit includes examining, on a test basis, evidence about the ACMS's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the ACMS's compliance with those requirements.

***Opinion***

In our opinion, the ACMS complied, in all material respects, with the compliance requirements referred to above that are applicable to the ACMS's Schedule of Allocations and Expenditures for the year ended June 30, 2018.

## Internal Control Over Compliance

Management of the ACMS is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the ACMS's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the ACMS's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiency or material weaknesses, as defined above.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the Expenditure Plan and the respective funding agreement between the ACMS and TAM. This report is intended solely for the information of the Board of Commissioners, Citizens' Oversight Committee, Management of TAM, and management of the ACMS. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine, Day & Co. LLP

Vavrinek, Trine Day & Co., LLP  
November xx, 2018



**ALL CITY MANAGEMENT SERVICES, INC.**

**MEASURE A COMPLIANCE REPORT AND NOTES TO THE MEASURE A  
JUNE 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Reporting Entity**

The ACMS is an incorporated company that receives funding under the Measure A Expenditure Plan to provide School Crossing Guards and School Safety Services before, during and after school hours.

**Basis of Accounting**

The ACMS uses accrual basis of accounting and utilizes the current resources measurement focus basis of account, whereby revenues are recognized when measurable and available.

**NOTE 2 - MEASURE A SALES TAX**

Measure A is a ½-cent transportation sales set forth by the voters of the County as a step in implementing a 1.6 billion dollar “transportation vision” set forth by the County as a plan to alleviate traffic congestion, reinvent the public transportation system, provide addition pedestrian and bike pathways, provide safer routes to school and many other additional transit related goals. Citizens’ advisory committees in each part of the County, representing the many diverse interests in County, provided input that results in a draft expenditure plan. The draft expenditure plan was presented to each of the County’s City/Town Councils and to numerous stakeholder groups. Their comments prompted refinements reflected in the Expenditure Plan.

The Expenditure Plan is administered by TAM. Its 16-member board consists of the Board of Supervisors and a council member of each incorporated City/Town. TAM is accountable to a 12-member Citizens’ Oversight Committee (Committee), created with the assistance of the League of Women Voters. The Committee reviews all expenditures and reports annually to the public.

**ALL CITY MANAGEMENT SERVICES, INC.**

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE  
JUNE 30, 2018**

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1. Obtained original Funding Agreement/ Professional Contract, Allocation Request, and Funding Agreement/Professional Contract Amendments for the audit period or for the period during which funding was utilized for an approved project.
2. Reviewed Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments to determine total funding provided by the applicable Strategy for the audit period or for the projects being audited.
3. Interviewed finance staff regarding internal controls in the following areas, specific to, but not limited to, accounting for Measure A funding, to obtain an understanding of the entity's operations:
  - a. Cash Disbursements – Reviewed policies and procedures regarding approval, defacements, accounts payable check processing, and other matters related to the disbursement of funds.
  - b. Cash Receipts – Reviewed policies and procedures regarding cash handling of over-the-counter receipts and cash receipts received through the mail, bank deposits, bank reconciliations, and other matters related to the receipt of funds.
4. Obtained all invoices submitted to TAM for reimbursements, if applicable.
5. Obtained supporting documentation for a sample of invoices submitted to TAM for reimbursements, including construction, personnel, project management, consultants, and other related costs.
6. Obtained general ledger detail for revenue and expenditures charged to the Measure A funding source or equivalent reports where income and expenses associated with Measure A funds can be clearly identified.
7. Reviewed remittances from TAM to ensure that all revenues are correctly coded to the specific cost center or fund code designated for Measure A funding.
8. For reimbursement-based agreements, we reviewed a sample of invoices submitted to TAM to ensure that the costs being billed on the invoices reconcile with the ones being charged to the specific Measure A cost center in the entity's financial accounting system.
9. For reimbursement-based funding agreements/professional contracts, expenditures charged to the specific cost center or fund code designated for Measure A funding were selected on a random basis were and tested for the following attributes:
  - a. Approval – Reviewed invoices and supporting documentation to ensure that the proper review and approval process occurred and is documented on the invoice.
  - b. Invoice – Reviewed invoices and supporting documentation to ensure that they are mathematically accurate, properly addressed to the auditee, and have sufficient detail to justify the amounts being charged and the cost center or fund code to which it is being charged to.

**ALL CITY MANAGEMENT SERVICES, INC.**

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE  
JUNE 30, 2018**

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- c. Coding – Reviewed invoices and supporting documentation to ensure that they have been correctly coded to the specific cost center or fund code designated for Measure A funding.
  - d. Allowable – Reviewed invoices and supporting documentation to ensure that the costs being charged to the specific cost center or fund code designated for Measure A funding are allowable costs based on the Expenditure Plan, the entity’s funding agreement with TAM, and specific requirements of the Strategy for which the funds were restricted for. Also reviewed expenditures to ensure that all costs are direct costs and not indirect costs or allocations of any kind.
10. For entities receiving funding in advance for Strategy 3 under a Measure A funding agreement, we reviewed, in summary form, various invoices to verify that expenditures being charged to the specific cost center or fund code restricted for Measure A are reasonable for the project. In addition, expenditures are also tested in the same fashion as outlined in step 9 of this list.
11. For entities where capital construction projects were funded utilizing Measure A Strategy 3 and 4 funding, we obtained the necessary project files and reviewed them for the following requirements:
- a. Procurement Process – Reviewed procurement process of the project to ensure that the project was properly advertised in publications, internet, trade journals and/or other acceptable means. If other means of procurement, such as selective RFP submittals were followed, we determined whether the process is adequate in regards to the project. Reviewed any other evidence of procurement when appropriate, such as fax logs or mailing lists.
  - b. Bids and Proposals – Reviewed bids and proposals received to ensure that sufficient bids were received in regards to the project.
  - c. Bid Award – Reviewed Agendas and Minutes and/or related reports in regards to the bid award to ensure that the contract for the project was properly approved by Department Heads and the ACMS and was properly documented in a public forum. Also, we reviewed bidding results to ensure that the lowest bid was selected, and if the lowest bid was not selected, that there is sufficient documentation for any other selection process utilized.
12. For entities where professional service contracts were paid utilizing Measure A funding, with regards to construction projects or other purposes, we reviewed the policies and procedures of the entity in question to ensure that internal policies and procedures were followed in regards to the selection of professional service firms.
13. For entities where capital construction projects were paid utilizing Measure A Strategy 3 and 4 funding, we reviewed any applicable environmental review requirements and reviewed documentation to verify that all reports and reviews were performed prior to the start of any construction.

**ALL CITY MANAGEMENT SERVICES, INC.**

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE  
JUNE 30, 2018**

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14. For entities where personnel costs were charged to the specific cost center or fund code designated for Measure A funding, we selected a representative sample of charges for personnel costs and tested for the following:
  - a. Recalculation – Reviewed and reconciled wage rates from personnel costs charged to Measure A cost center or fund code to the entity’s payroll registers to ensure that wage rates being charged were accurate and properly approved; reviewed all benefits and fringe costs being allocated in addition to wage rates to ensure that they are accurate and appropriate; recalculated personnel costs utilizing wage rates and hours being charged to ensure that the amounts are mathematically accurate; review the calculation to ensure no indirect costs are included in the reimbursement request.
  - b. Timesheet – Reviewed timesheets for selected personnel costs to ensure that hours being charged to Measure A are properly supported with an approved timesheet. All charges to Measure A funding must be clearly documented on timesheets, detailing the number of hours and the funding source, on a daily basis. We also reviewed timesheets for selected personnel costs to ensure that signatures of both the employee and supervisor are present. Electronic time documentation methods must also have similar electronic signatures.
15. Obtained close-out reports, from completed capital construction projects, submitted to TAM.
16. Reviewed close-out reports to ensure that they were submitted within 90 days and were properly certified in accordance with the entity’s funding agreement/contract with TAM.

**ALL CITY MANAGEMENT SERVICES, INC.**

**ATTACHMENT B – FINDINGS AND OBSERVATIONS  
JUNE 30, 2018**

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No findings noted.

ALL CITY MANAGEMENT SERVICES, INC.

**ATTACHMENT C – SCHEDULE OF ALLOCATIONS AND EXPENDITURES  
JUNE 30, 2018**

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<b>Measure A Allocation</b>				
Period Audited	Agreement Number	Measure A Strategy	Agreement Date	Available Amount*
FY2017-18	C-FY13/14-01	4.2 & 4.3	6/23/2016	\$ 1,566,000
<b>Measure A Expenditures</b>				
Project Audited	Measure A Strategy		Amount	
Crossing Guard Program	Measure A 5% Fund Reserve		\$ 85,443	
	Measure A Debt Reserve		\$ 28,000	
	4.2		\$ 1,005,603	
	4.3		\$ 26,000	
<b>Total Measure A Reimbursement</b>				<b>\$ 1,145,046</b>

\* Available amount includes non-Measure A funding, while expenditures only include Measure A related spending.



**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER COMPLIANCE**

Board of Commissioners of  
Transportation Authority of Marin  
San Rafael, California

**Compliance**

We have audited the City of Novato's (City) compliance with the types of compliance requirements described in the Measure A ½-Cent Transportation Sales Tax Expenditure Plan (Expenditure Plan) and the respective funding agreement with the Transportation Authority of Marin (TAM) applicable to the City's Schedule of Allocations and Expenditures for the year ended June 30, 2018.

***Management's Responsibility***

Compliance with the requirements referred to above is the responsibility of management of the City.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to compliance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Expenditure Plan approved by the voters of the County of Marin (County) in 2004, and the respective funding agreement between the City and TAM. Those standards and Expenditure Plan, and the respective funding agreement between the City and TAM require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the City's Schedule of Allocations and Expenditures. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

***Opinion***

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that are applicable to the City's Schedule of Allocations and Expenditures for the year ended June 30, 2018.

## Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiency or material weaknesses, as defined above.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the Expenditure Plan and the respective funding agreement between the City and TAM. This report is intended solely for the information of the Board of Commissioners, Citizens' Oversight Committee, Management of TAM, and management of the City. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine, Day & Co. LLP

Vavrinek, Trine Day & Co., LLP  
November xx, 2018



**CITY OF NOVATO**

**MEASURE A COMPLIANCE REPORT AND NOTES  
JUNE 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Reporting Entity**

The City receives funding under the Measure A Expenditure Plan.

**Basis of Accounting**

The City utilizes the current resources measurement focus basis of account, whereby revenues are recognized when measurable and available. The City considers all revenues reported to be available if the revenues are collected within sixty days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. Capital assets acquisitions are reported as expenditures in the governmental funds.

**NOTE 2 - MEASURE A SALES TAX**

Measure A is a ½-cent transportation sales set forth by the voters of the County as a step in implementing a 1.6 billion dollar “transportation vision” set forth by the County as a plan to alleviate traffic congestion, reinvent the public transportation system, provide addition pedestrian and bike pathways, provide safer routes to school and many other additional transit related goals. Citizens’ advisory committees in each part of the County, representing the many diverse interests in County, provided input that results in a draft expenditure plan. The draft expenditure plan was presented to each of the County’s City/Town Councils and to numerous stakeholder groups. Their comments prompted refinements reflected in the Expenditure Plan.

The Expenditure Plan is administered by TAM. Its 16-member board consists of the Board of Supervisors and a council member of each incorporated City/Town. TAM is accountable to a 12-member Citizens’ Oversight Committee (Committee), created with the assistance of the League of Women Voters. The Committee reviews all expenditures and reports annually to the public.

**CITY OF NOVATO**

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE  
JUNE 30, 2018**

---

1. Obtained original Funding Agreement/ Professional Contract, Allocation Request, and Funding Agreement/Professional Contract Amendments for the audit period or for the period during which funding was utilized for an approved project.
2. Reviewed Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments to determine total funding provided by the applicable Strategy for the audit period or for the projects being audited.
3. Interviewed finance staff regarding internal controls in the following areas, specific to, but not limited to, accounting for Measure A funding, to obtain an understanding of the entity's operations:
  - a. Cash Disbursements – Reviewed policies and procedures regarding approval, defacements, accounts payable check processing, and other matters related to the disbursement of funds.
  - b. Cash Receipts – Reviewed policies and procedures regarding cash handling of over-the-counter receipts and cash receipts received through the mail, bank deposits, bank reconciliations, and other matters related to the receipt of funds.
4. Obtained all invoices submitted to TAM for reimbursements, if applicable.
5. Obtained supporting documentation for a sample of invoices submitted to TAM for reimbursements, including construction, personnel, project management, consultants, and other related costs.
6. Obtained general ledger detail for revenue and expenditures charged to the Measure A funding source or equivalent reports where income and expenses associated with Measure A funds can be clearly identified.
7. Reviewed remittances from TAM to ensure that all revenues are correctly coded to the specific cost center or fund code designated for Measure A funding.
8. For reimbursement-based agreements, we reviewed a sample of invoices submitted to TAM to ensure that the costs being billed on the invoices reconcile with the ones being charged to the specific Measure A cost center in the entity's financial accounting system.
9. For reimbursement-based funding agreements/professional contracts, expenditures charged to the specific cost center or fund code designated for Measure A funding were selected on a random basis were and tested for the following attributes:
  - a. Approval – Reviewed invoices and supporting documentation to ensure that the proper review and approval process occurred and is documented on the invoice.
  - b. Invoice – Reviewed invoices and supporting documentation to ensure that they are mathematically accurate, properly addressed to the auditee, and have sufficient detail to justify the amounts being charged and the cost center or fund code to which it is being charged to.

**CITY OF NOVATO**

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE  
JUNE 30, 2018**

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- c. Coding – Reviewed invoices and supporting documentation to ensure that they have been correctly coded to the specific cost center or fund code designated for Measure A funding.
  - d. Allowable – Reviewed invoices and supporting documentation to ensure that the costs being charged to the specific cost center or fund code designated for Measure A funding are allowable costs based on the Expenditure Plan, the entity’s funding agreement with TAM, and specific requirements of the Strategy for which the funds were restricted for. Also reviewed expenditures to ensure that all costs are direct costs and not indirect costs or allocations of any kind.
- 10. For entities receiving funding in advance for Strategy 3 under a Measure A funding agreement, we reviewed, in summary form, various invoices to verify that expenditures being charged to the specific cost center or fund code restricted for Measure A are reasonable for the project. In addition, expenditures are also tested in the same fashion as outlined in step 9 of this list.
- 11. For entities where capital construction projects were funded utilizing Measure A Strategy 3 and 4 funding, we obtained the necessary project files and reviewed them for the following requirements:
  - a. Procurement Process – Reviewed procurement process of the project to ensure that the project was properly advertised in publications, internet, trade journals and/or other acceptable means. If other means of procurement, such as selective RFP submittals were followed, we determined whether the process is adequate in regards to the project. Reviewed any other evidence of procurement when appropriate, such as fax logs or mailing lists.
  - b. Bids and Proposals – Reviewed bids and proposals received to ensure that sufficient bids were received in regards to the project.
  - c. Bid Award – Reviewed City Council Agendas and Minutes and/or related reports in regards to the bid award to ensure that the contract for the project was properly approved by Department Heads and the City and was properly documented in a public forum. Also, we reviewed bidding results to ensure that the lowest bid was selected, and if the lowest bid was not selected, that there is sufficient documentation for any other selection process utilized.
- 12. For entities where professional service contracts were paid utilizing Measure A funding, with regards to construction projects or other purposes, we reviewed the policies and procedures of the entity in question to ensure that internal policies and procedures were followed in regards to the selection of professional service firms.
- 13. For entities where capital construction projects were paid utilizing Measure A Strategy 3 and 4 funding, we reviewed any applicable environmental review requirements and reviewed documentation to verify that all reports and reviews were performed prior to the start of any construction.

**CITY OF NOVATO**

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE  
JUNE 30, 2018**

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14. 14. For entities where personnel costs were charged to the specific cost center or fund code designated for Measure A funding, we selected a representative sample of charges for personnel costs and tested for the following:
  - a. Recalculation – Reviewed and reconciled wage rates from personnel costs charged to Measure A cost center or fund code to the entity’s payroll registers to ensure that wage rates being charged were accurate and properly approved; reviewed all benefits and fringe costs being allocated in addition to wage rates to ensure that they are accurate and appropriate; recalculated personnel costs utilizing wage rates and hours being charged to ensure that the amounts are mathematically accurate; review the calculation to ensure no indirect costs are included in the reimbursement request.
  - b. Timesheet – Reviewed timesheets for selected personnel costs to ensure that hours being charged to Measure A are properly supported with an approved timesheet. All charges to Measure A funding must be clearly documented on timesheets, detailing the number of hours and the funding source, on a daily basis. We also reviewed timesheets for selected personnel costs to ensure that signatures of both the employee and supervisor are present. Electronic time documentation methods must also have similar electronic signatures.
15. Obtained close-out reports, from completed capital construction projects, submitted to TAM.
16. Reviewed close-out reports to ensure that they were submitted within 90 days and were properly certified in accordance with the entity’s funding agreement/contract with TAM.

**CITY OF NOVATO**

**ATTACHMENT B – FINDINGS AND OBSERVATIONS  
JUNE 30, 2018**

---

No findings noted.

CITY OF NOVATO

**ATTACHMENT C – SCHEDULE OF ALLOCATIONS AND EXPENDITURES  
JUNE 30, 2018**

<b>Measure A Allocation</b>				
Period Audited	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY2017-18	A-FY15-06	4.3	9/2/2015	\$ 474,500
<b>Measure A Expenditures</b>				
Project Audited	Measure A Strategy		Amount	
Plum Street Sidewalk Improvement Project	4.3		\$ 474,244	
<b>Total Measure A Reimbursement</b>			<b>\$ 474,244</b>	